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Welcome from Atlanta!

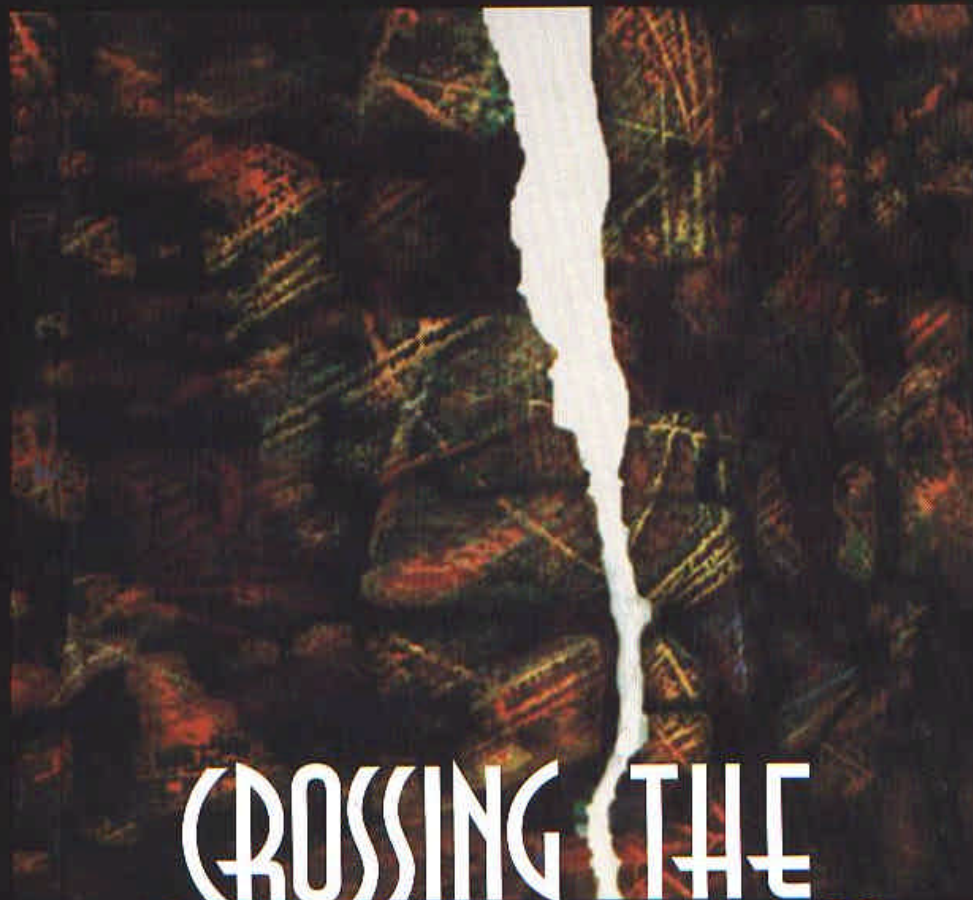


Don't forget the rest of Georgia!



Medical Management for the Millennium

I N S T I T U T E O F M E D I C I N E



CROSSING THE QUALITY CHASM

A New Health System for the 21st Century



The American health care delivery system is in need of fundamental change. Many patients, doctors, nurses and health care leaders are concerned that the care delivered is not, essentially, the care we should receive.

All payment methods affect behavior and quality. For example, fee-for-service payment methods raise concerns about potential overuse of services- the provision of services that may not be necessary...

...thousands are killed by improperly prescribed drugs each year, instead of using tried and proven methods such as exercise, proper diet, environmental change and reduction of stress...

I regret that physicians do not attend more strictly to this,... but physicians are paid more for their visits and medicines, than for their advice in these matters.

Crossing the Quality Chasm

- Care based on continuous healing relationships
- Customized to patient needs and values
- Patient is source of control
- Evidence based
- Needs are anticipated
- Waste is continuously decreased

“US Health Costs are Expected to Double by 2007”

HCFA reports that “health care spending will rise to 2.133 trillion in 2007... 16.6 % of nation’s gross national product...”

Wall Street Journal Sept 15, 1998

Managed Care

Definition:

A prepaid risk-based system of integrated health care delivery, having appropriate capabilities to improve quality and manage utilization and cost.

Three key skills of a Medical Director



Denied for
No Reason



Lose



Delay Payment

Newsweek

November 8, 1999 : \$3.50

www.newsweek.com

PUFFY'S ORBIT
'SUPERMODEL EGG' HYPE

The War
Over
Patients'
Rights

HMO HELL

Fixing
Managed Care:
Is There a
Better Way?

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NO AT-W

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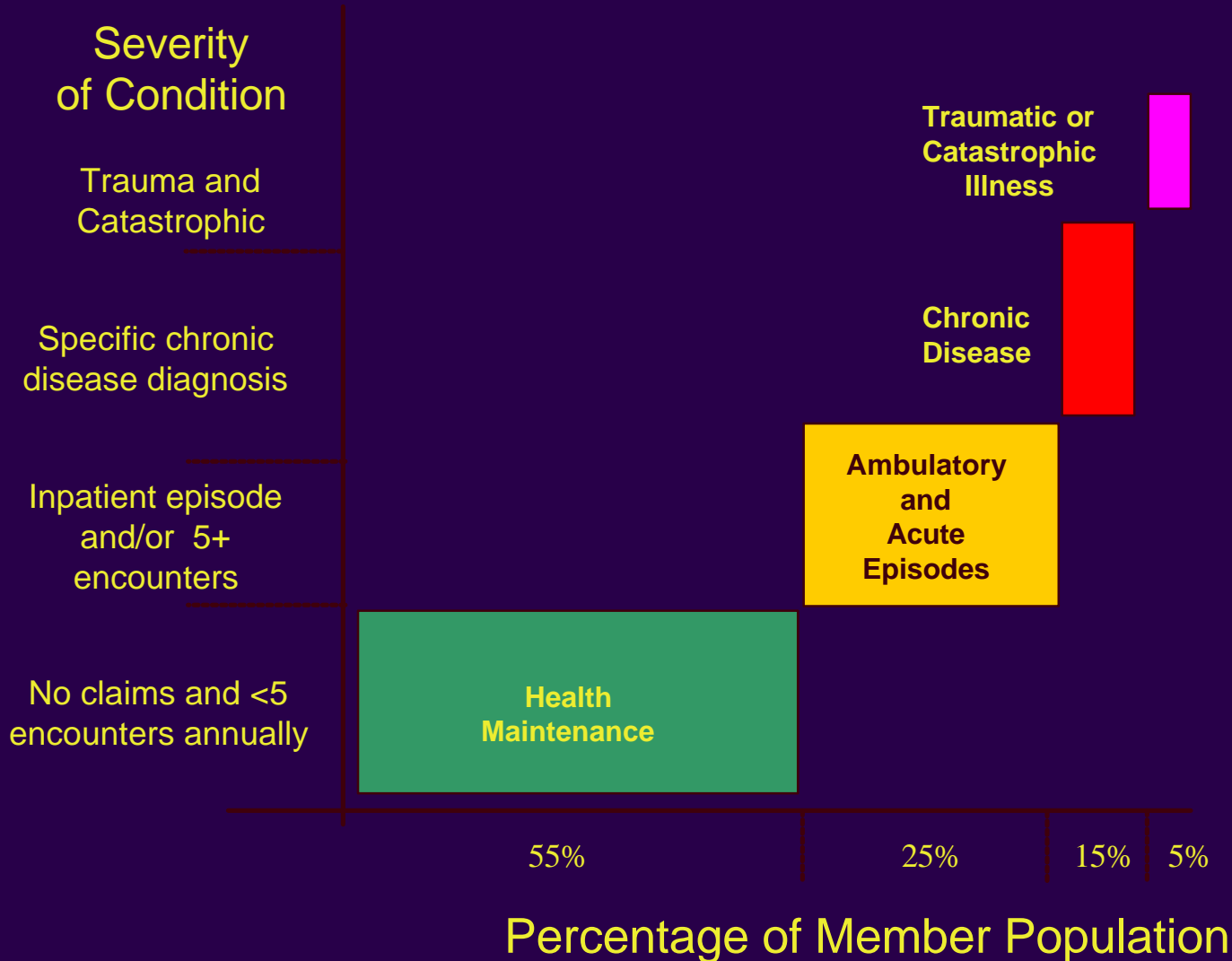
Americans are unwilling to allow anyone but themselves to ration their care. The current system does not use a traditional “consumer” approach to set demand because a third party is paying for the care.

Medical Management Evolution

- 1970'S era
 - Educate PCPs on Appropriate Referral Patterns
 - Utilization Management et. al.
- 1990'S era
 - Case Management to Expedite D/C
 - Hospitalists
- Current Era
 - Quality Management Programs
 - Disease Management
 - Demand Management
 - Preventive Health Initiatives

**Data
Driven!**

The starting point for reengineering our healthcare management was segmenting the member population.

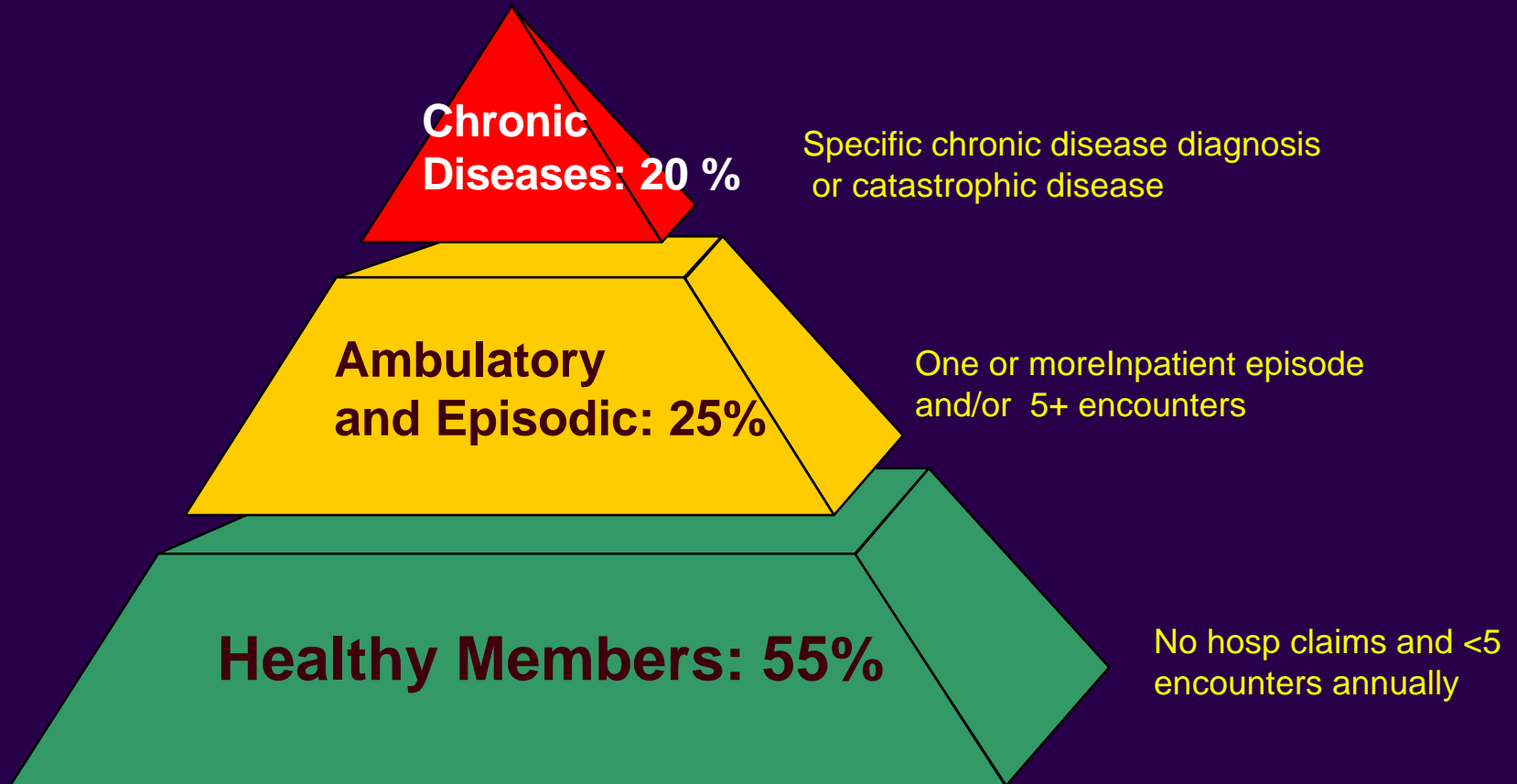


Medical Management:

Purpose

A data driven process designed to provide the highest quality of services on a continually improving basis at the most reasonable cost. Has replaced utilization management.

Care Management Pyramid



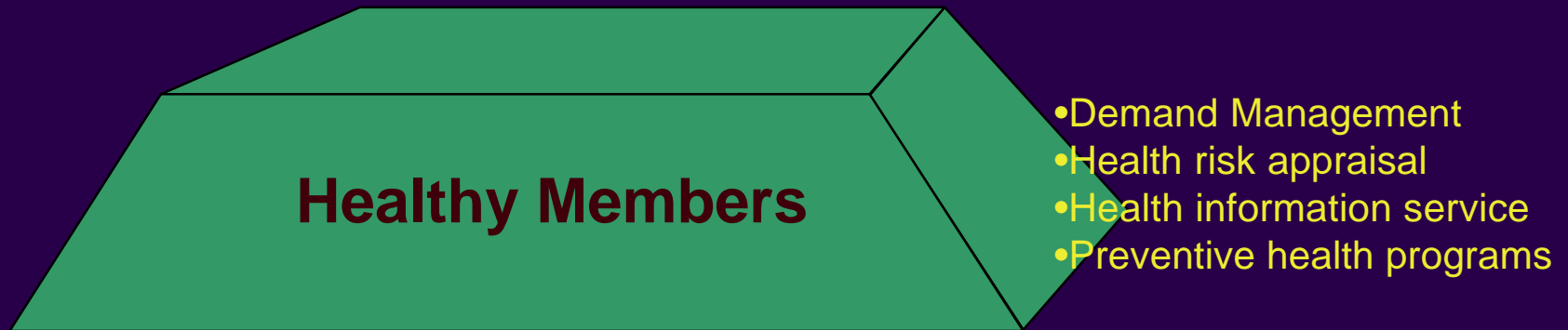
Since 1900, life expectancy has
increased 30 years

5 years are due to acute medical
care advances

25 years are due to public
health interventions

Bunker JP, Frazier HS, Mosteller F. Improving health: measuring effects
of medical care. Milbank ! 1994;72 (2) : 225-58

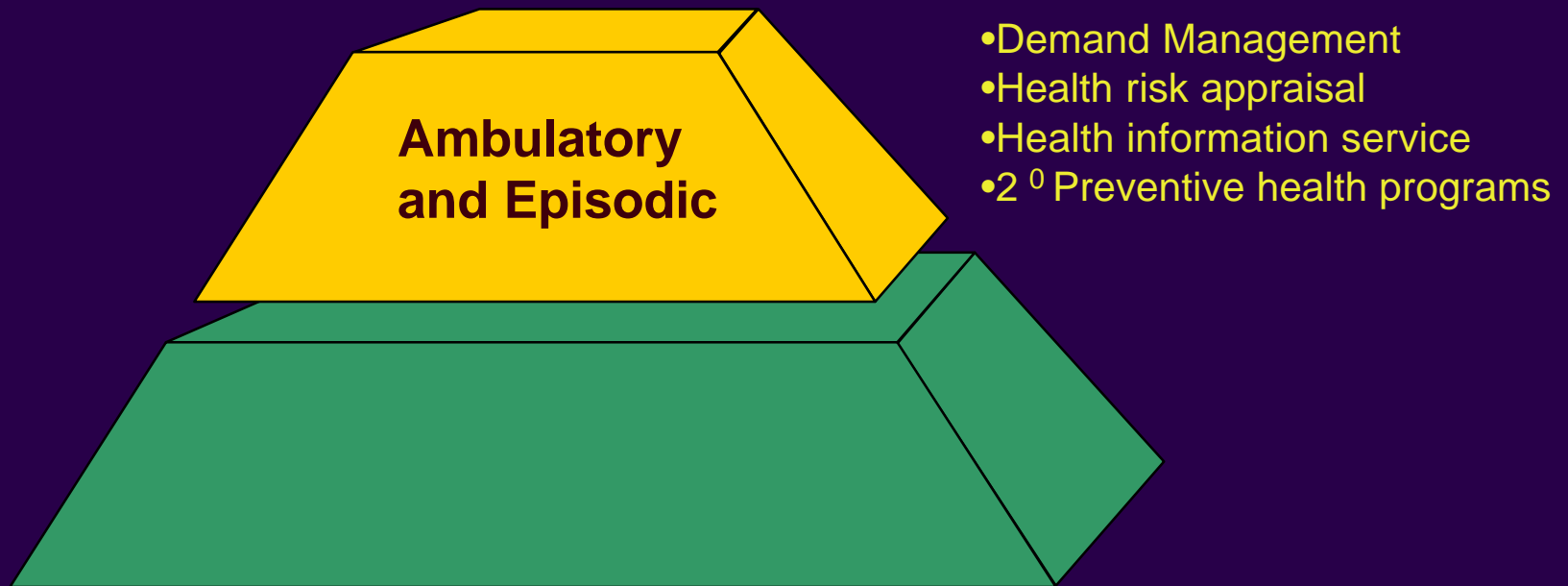
Prevention, the Base of the Care Management Pyramid



Prevention: Three levels

- Primary: prevent disease
- Secondary: detect early enough to make a difference
- Tertiary: prevent worsening of condition (Disease Management)

Acute and Chronic Disease: The Next Level of the Care Management Pyramid



Demand Management:

Definition

Activities designed to reduce the overall demand or requirement for health care services by members

Demand Management

- Wellness Programs
- Health Risk Appraisals
- Nurse Advice Lines
- Self Care Training
- Shared Decision Making
- Prevention Programs
- **Disease Management Programs**

Chronic Diseases cost more!

**Solution:
Disease
Management**



**Chronic
Diseases
80% of
costs**

Disease Management

Breaking the cycle of
Dependency

Disease Management: Definition

A multi-disciplinary, continuum-based approach to healthcare delivery that proactively identifies populations with, or at risk for established conditions

Disease Management Association of America (DMAA)

Necessary Elements

- Supports the physician/patient relationship
- Emphasizes prevention of exacerbation and complications utilizing cost effective evidence-based practice guidelines and patient empowerment strategies such as self-management
- Continuously evaluates clinical, humanistic, and economic outcomes with the goal of improving overall health.”

Disease Management Assumptions

- Deficit of Patient *Knowledge*
- Lack of Patient *Educational Opportunities*
- Lack of Patient *Empowerment* in the present delivery system
- Present delivery system is *Acute Care* driven
- Lack of *Organized System* to follow patient needs over time in most PCP offices

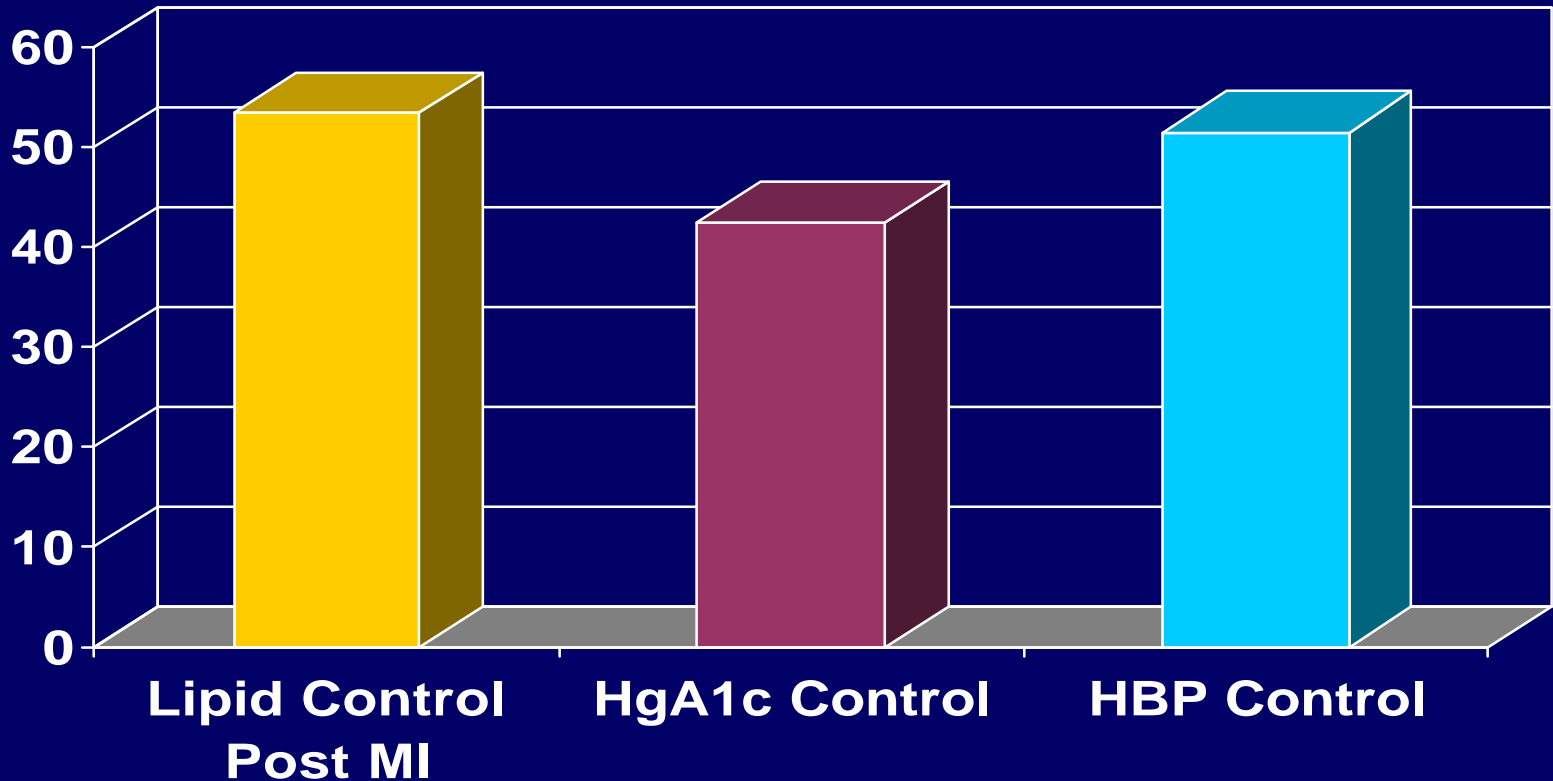
Disease Management:

Why it works

- Early recognition of the acute exacerbation
 - promotes early resolution
 - prevents high cost intervention
- Improving patient education allows patients to take a proactive approach
- Reduces variation in care
- Improves adherence

HEDIS Performance

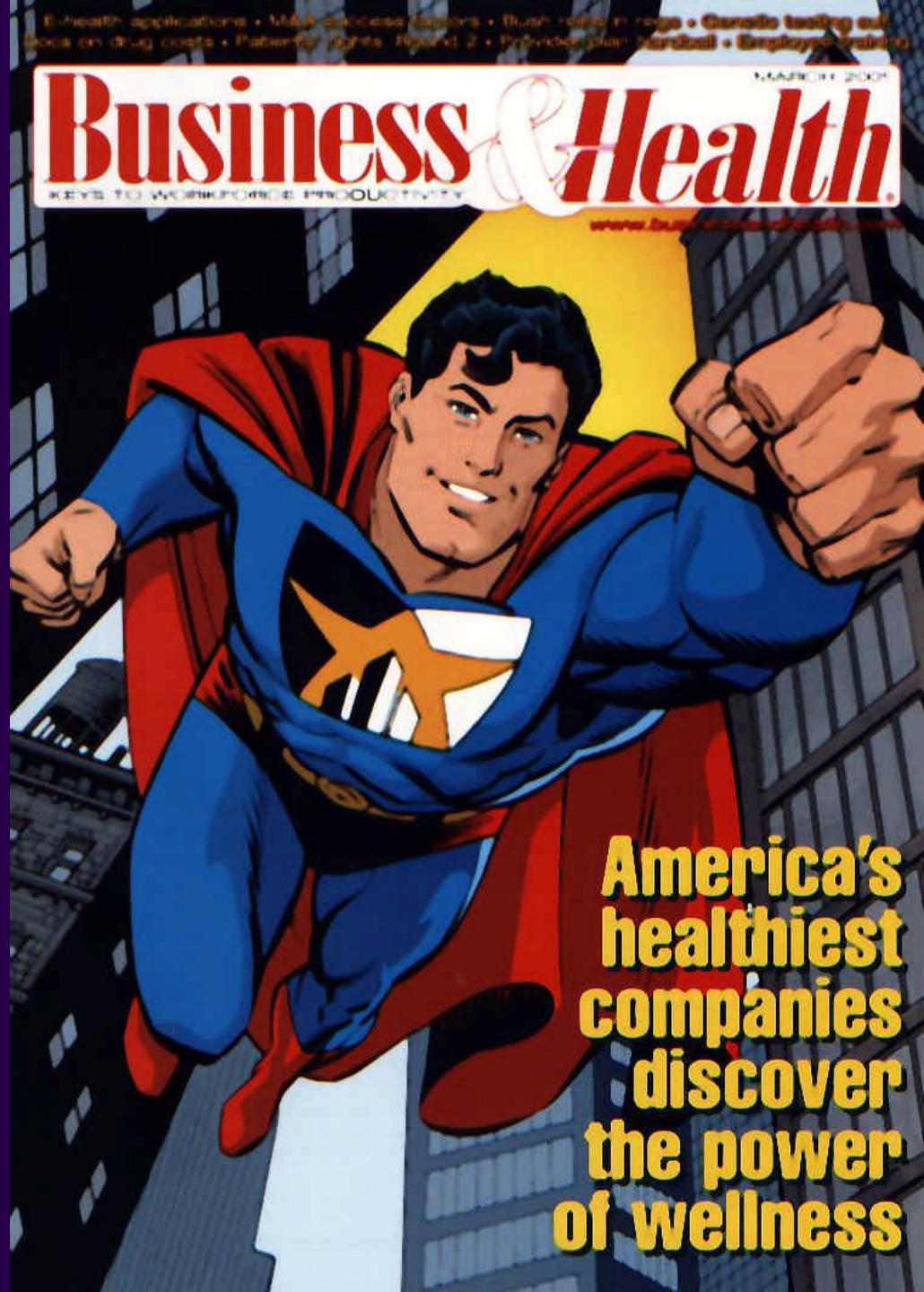
2000 Data reported in 2001



Wellness Councils of America

Business and Health

March 2001



Wellness Councils of America

Message #1

Healthy Companies understand
that employees don't get and stay
healthy by chance



Wellness Councils of America

Message #2



Healthy Companies recognize that
keeping knowledge workers
healthy requires new approaches

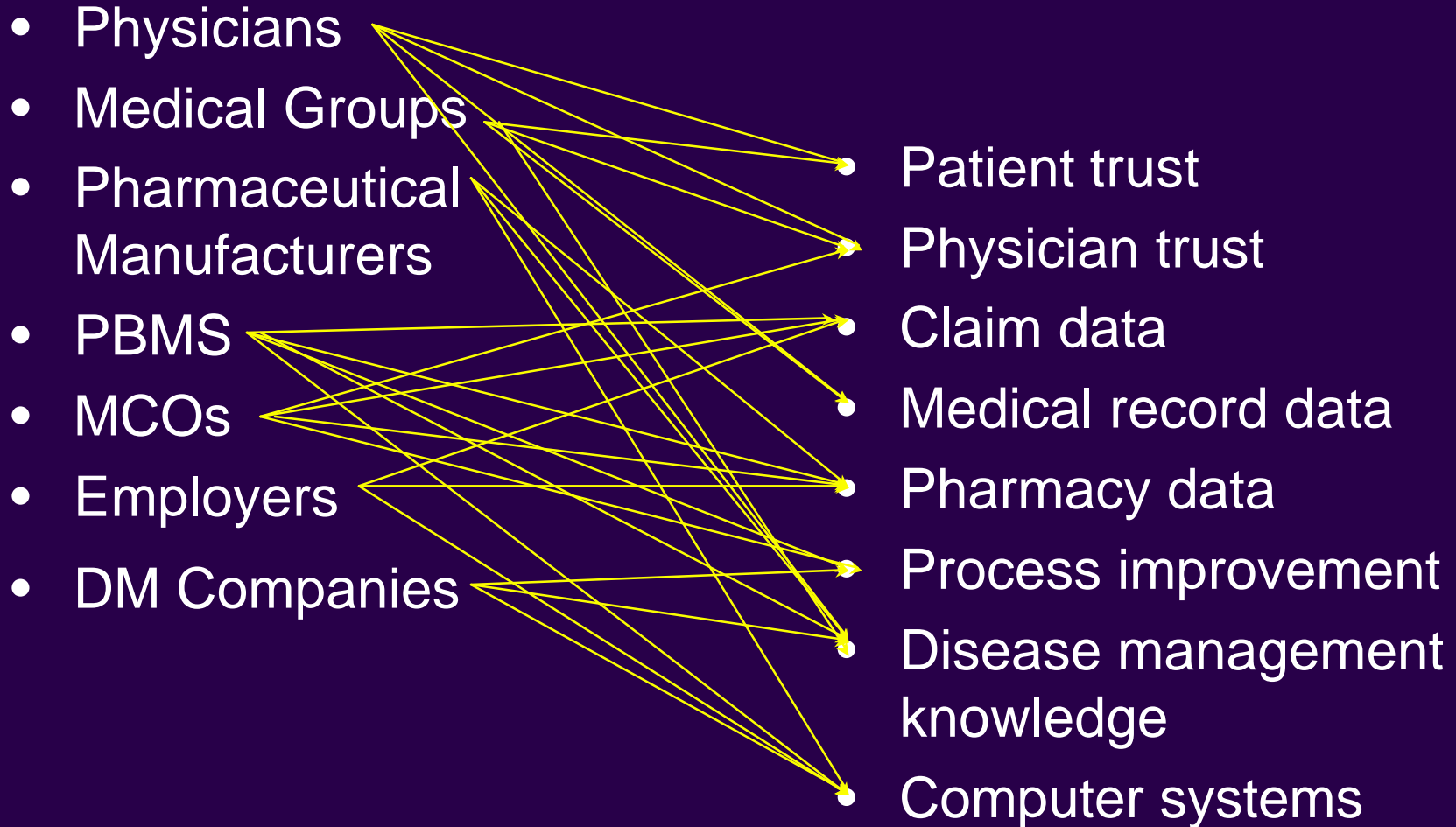
Employers and Health Promotion

- 92% offer some health promotion
 - 71% education
 - 40% financial incentives or disincentives
 - incentives for health screenings or health risk appraisals
 - disincentives: higher payroll deduction for smoking, lower benefits for accident with no seat belt
 - 71% offer disease management
 - 10 % self administered

Hewitt Associates LLC,

Health Promotion/Managed Health 2000

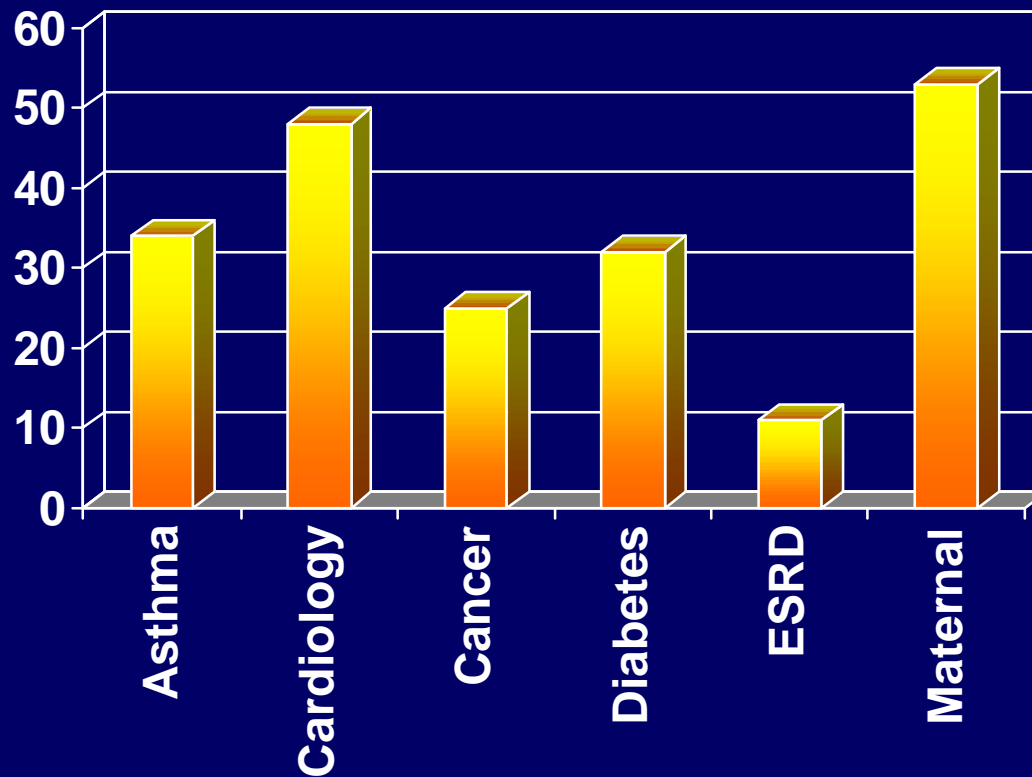
Who Owns Disease Management?



DM Spending

1997-1999 \$ millions

Managed Care, January 2000



Accreditation of DM

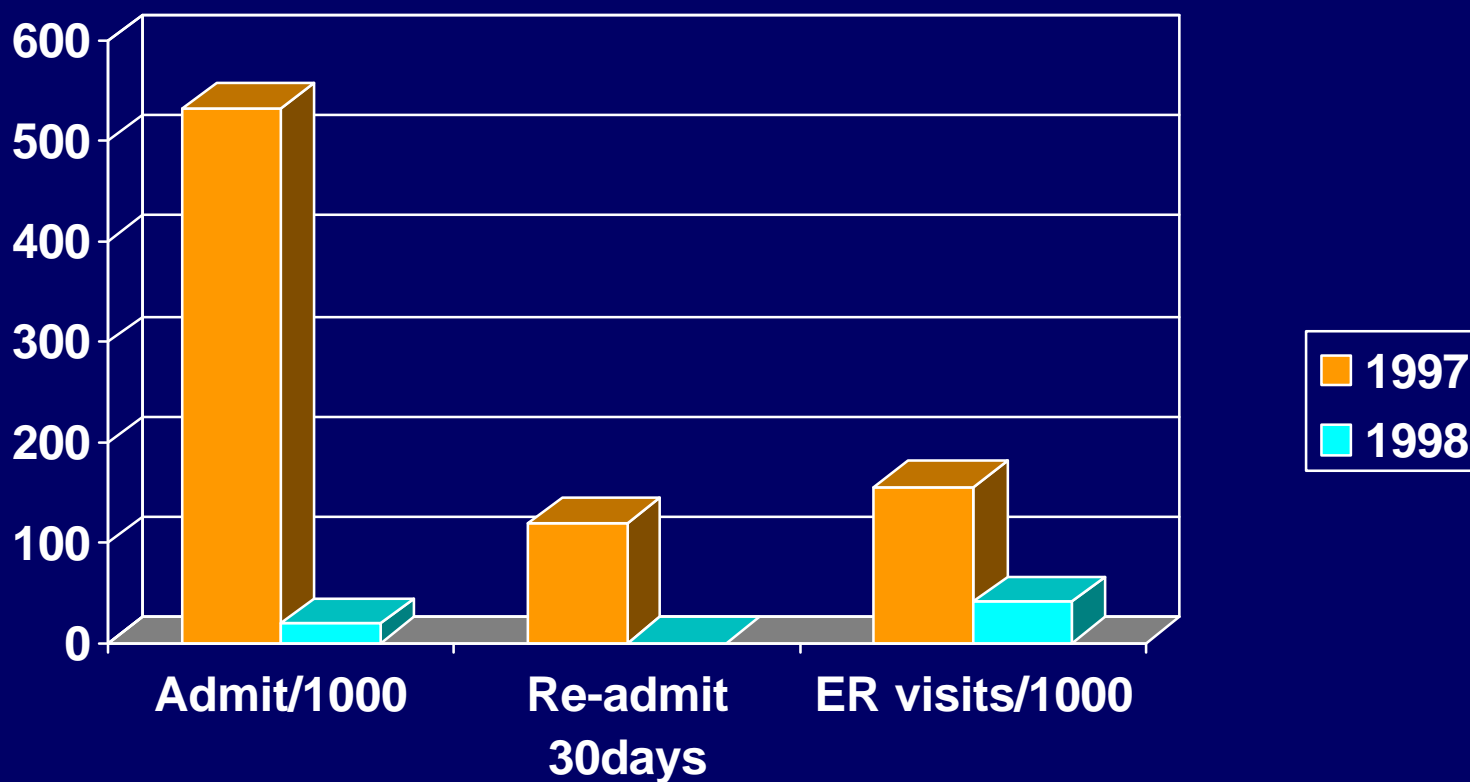
- NCQA
- URAC
- JCAHO

NCQA Standards

- Evidence Based Guidelines
- Patient Intervention
- Practitioner Intervention
- Clinical Systems
- Measurement and Quality Improvement
- Program Operations

U of Penn Health Services CHF results

Disease Management News Feb 25, 2000

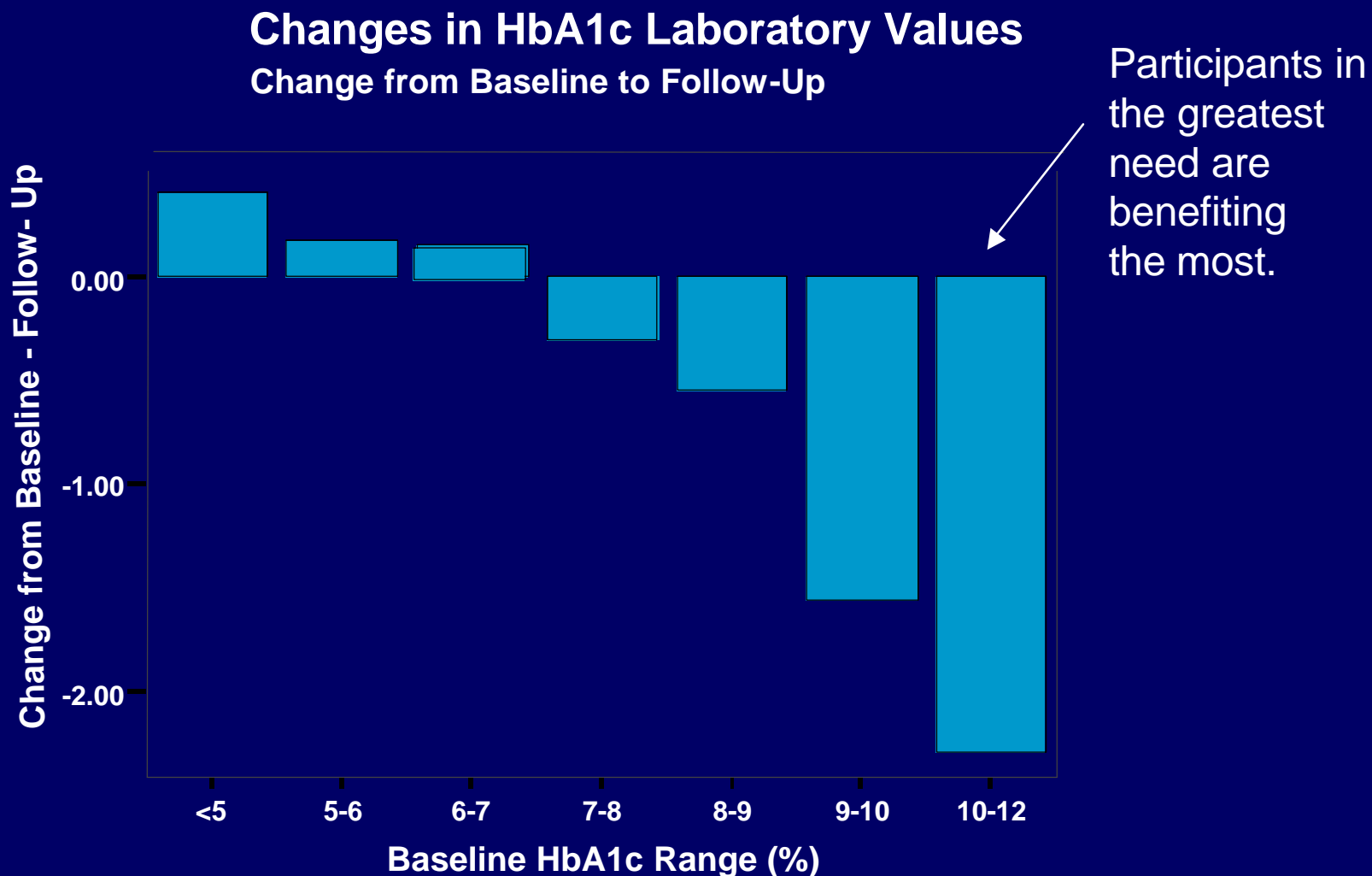


Hartford Hospital DM Outcome

Managed Care, January 2000

- Number of enrollees: 500
- ER utilization reduced: 63%
- Hospitalizations reduced: 79%
- Statistical improvement in SF-36

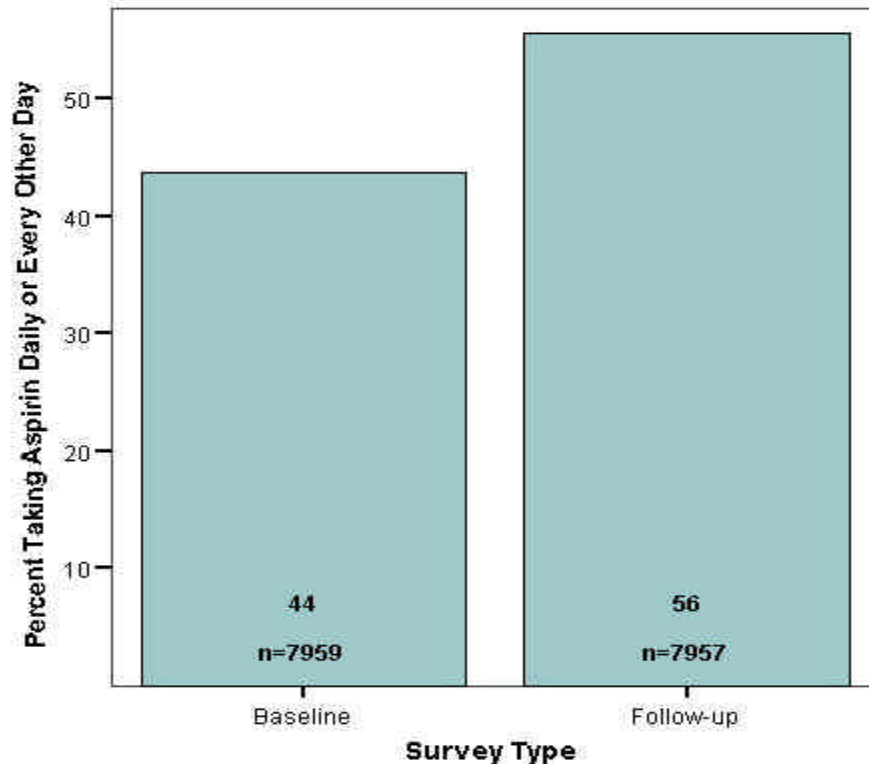
One Health Plan: Improved Diabetes Control



One Health Plan: Aspirin Use Increases

**Percent Taking Aspirin Daily or Every Other Day
Change from Baseline to Follow-up**

Multi-Survey



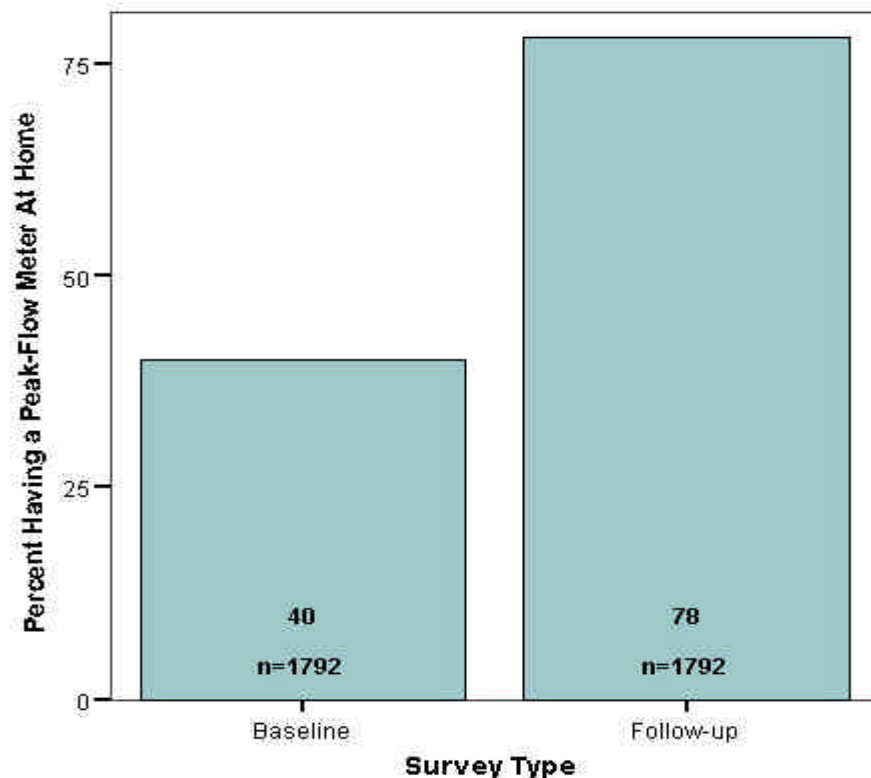
**Over 27%
increase
in use of low
dose
aspirin with
program
participants.**

One Health Plan

Asthma - Improving Self Management

**Percent Having a Peak-Flow Meter At Home
Change from Baseline to Follow-up**

Asthma Survey



**Over 78% of
program
participants
now have
access to a
peak flow
meter**

National Jewish Asthma Program

- 83% FEWER HOSPITALIZATIONS
- 45% FEWER ER VISITS
- 82% FEWER HOSPITAL DAYS

Univera CAD Program

Buffalo, New York Plan

400,000 members

1997: 42% LDL testing rate in CAD Members

1999: 73 % LDL testing rate

Disease Management News

March 25, 2001

Group Health Cooperative PS Diabetes Program

Savings of \$685-\$950 per patient per year

Statistically significant for 1995, 1996, 1997 for
members with initial HgA1C of $\geq 10\%$

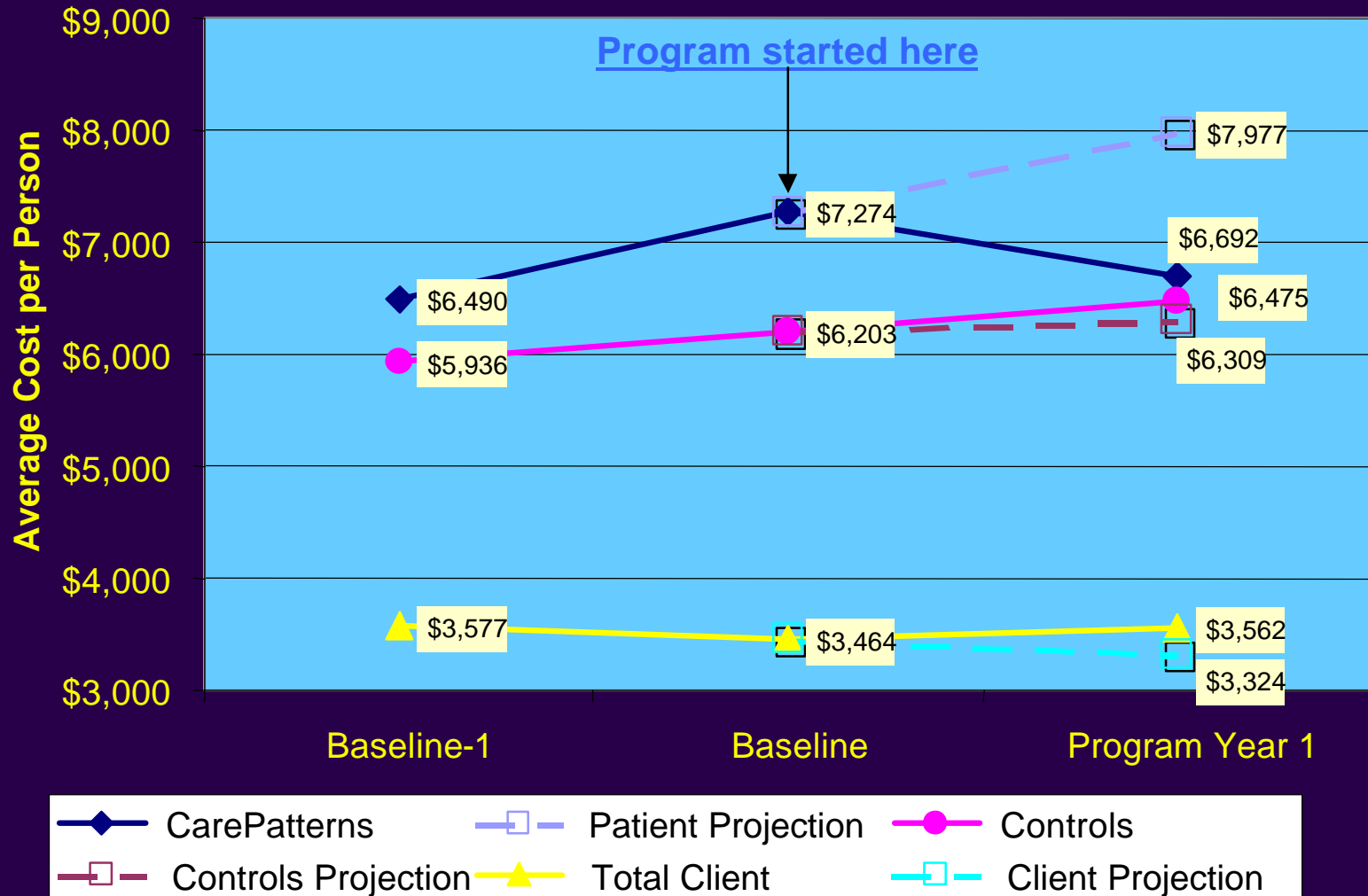
Disease Management News

April 10, 2001

AirLogix: COPD Program

- Savings: \$79.88 pmpm
- 2.8: 1 ROI
- Midwest plan
- Home visit key to program, internet and phone do not work!
- Increase of 15 % in patients stating that CP+OPD interfered not at all or slightly (37.7-52.7)
- 6700 patients
- Self reported data

Caremark: Outcomes Analysis of a Disease Management Program Medical Claims, 1997 - 1999



Keys to Disease Management Program Design

- Knowledge base
 - Natural History
 - Economic structure
- Divergence of actual from best model
- CQI

Disease Management: Implementation

- Analyze the Population (relevance, purpose)
- Research the Literature
- Establish Guidelines
- Establish Methodology
- Establish Benchmarks/Goals
- Design and Implement Interventions
- Demonstrate Improvement

Disease Management: Implementation

- Choose Diseases
 - Incidence, Cost, Variable Care,
- Identify Patients
 - Claims and Pharmacy data
 - 340 MS, 034 strept throat
 - Referral From UR and Practitioners
- Stratify
 - Cost, Clinical Factors, Pharmacological

Myths of “Building”

- “Why should we pay someone to do what we can do ourselves?”
- You can also deliver your own packages absolutely, positively overnight



Goals and objectives

- DM Heavy
- DM Lite
- DM Just Right?

RFP

- Organizational strengths and focus
- Philosophy
- IS capabilities
- Support
- NCQA preparedness
- Processes
- Contract issues

Niche DM Companies

Disease Management Programs

- Hepatitis
- HIV/AIDS
- Multiple Sclerosis
- Hemophilia
- Arthritis (Osteo and Rheumatoid)
- Growth Hormone Deficiency
- Gaucher's Disease
- Cystic Fibrosis
- Crohn's Disease
- Respiratory Syncytial Virus
- Infertility
- Organ Transplant
- Oncology

Special Role of Specialty Pharmacy Distributors



A new era in neurology

**A new
approach!**



Biotech Drugs

- \$19 billion per year business
- Injectables: \$4 billion
- Growing at 22% per year
- PMPM cost of \$1.25 to \$2.00
(commercial population)
- 369 new biotech drugs in the pipeline

Some of the Players

- Chronimed
- Priority Healthcare Corporation
- Caremark
- HBOC:VitaRx
- CuraScript
- Accredo (Nova Factor)

So how do SPC's fit into DM?

- Many of the activities that are necessary when distributing a \$1000 per month drug are identical to the processes in a DM company

Activities of SPC's

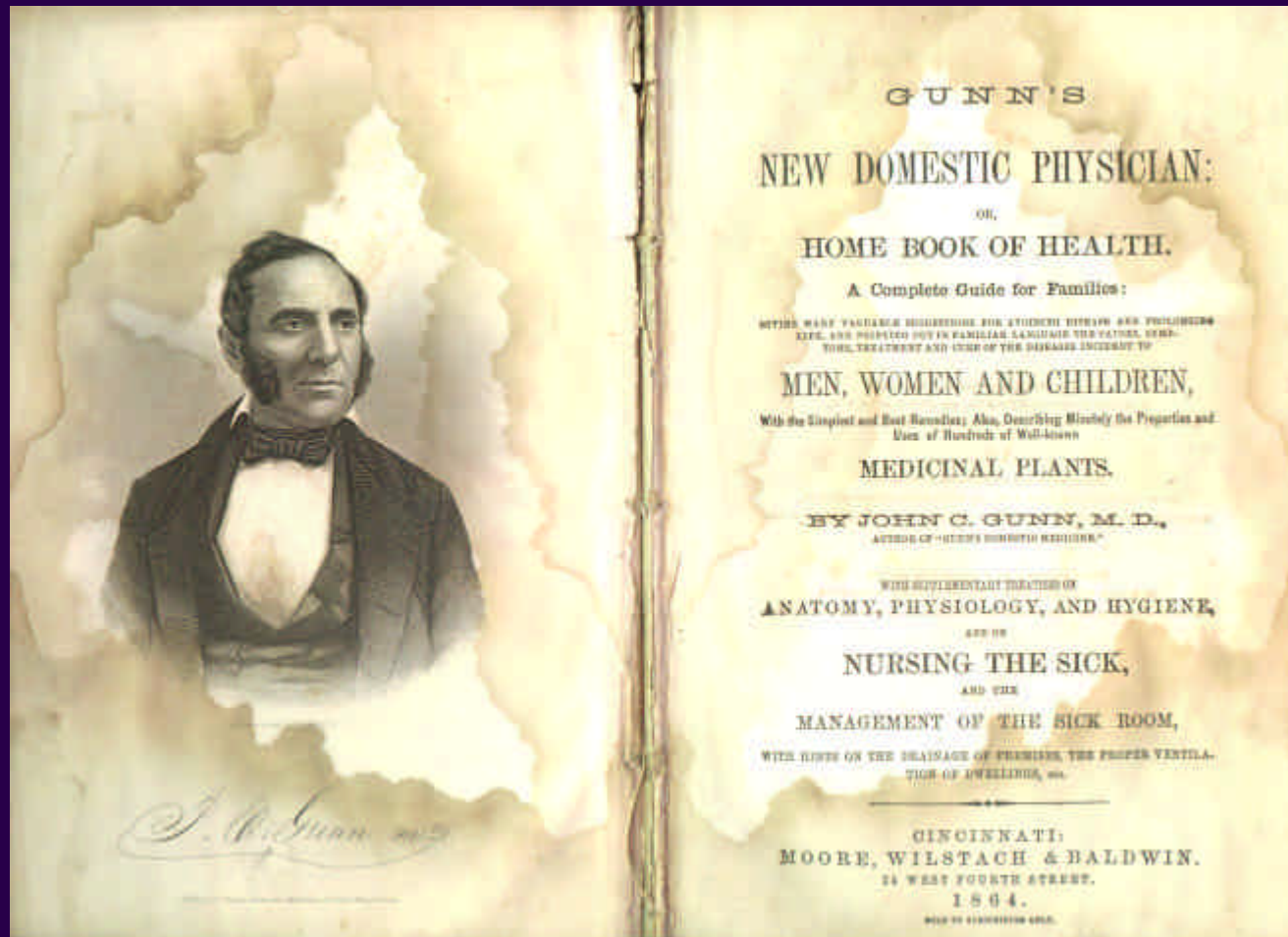
- Relationships with patients
- Education: patient and physician
- Compliance/Adherence
- Behavior modification
- Effectiveness/side effects
- Clinical outcome measurement

To'Morrow's Predictions



And I have no doubt that thousands are killed by dosing and drugging every year, instead of assisting nature, by exercise, proper diet, change of climate and rest of mind... I have often regretted that physicians did not attend more strictly to this... *however physicians are paid more for their visits and medicines, than for their advice in these matters.*

We've not come a long way!



Perhaps Disease Management is an answer?

Questions?

Resources

- Internet articles of interest
 - www.mcoexecutives.com
- Disease Management Association of America
 - www.dmaa.org
- National Health Information
 - Books, guidelines www.nhionline.net,
 - (404) 607-0095
- Demand and Disease Management
 - Newsletter (800) 597-6300
- Managed Care
 - Journal, www.managedcaremag.com
- Disease Management News
 - www.BusInfoSvc.bigstep.com,
 - (301) 604-4001